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INSPECTOR GENERAL

76-3697

27 DEC 1976

Executive H. H. H.

76-4575

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM : John H. Waller
Inspector General

SUBJECT : Report on Comprehensive Survey of the Agency

Forwarded herewith are the results of our comprehensive survey of the Agency, which we have called the Phase I survey. Its purpose was to conduct an intensive review of Agency activities to ensure that they are in compliance with requirements of the law, executive orders and regulations. We also attempted to identify possible problem areas that would be the subject of future surveys. The IG staff also carried on simultaneously certain, traditional, in-depth inspections of components that were handled separately, the findings of which are not included here.

The basic finding of the Phase I survey is that the Agency is adjusting well to the new requirements. The problem of material held in Agency files, collected over more than two decades of activity, seems to constitute the major managerial problem that we face in bringing ourselves into full compliance. We have recommended a schedule of some two years for the Directorates for Operations and Administration to resolve this problem. As you know, the IOB is fully aware of this matter.

There are a number of refinements to be made in operational approaches, which we believe are being addressed in a manner calculated to remove any questions that might still remain. In this respect, it is noted that we have directed a substantial number of queries to the Office of the General Counsel concerning questions we encountered, with a fine response that has contributed materially to the delineation of the limits to Agency activity. It is my opinion that this exercise has contributed to a basic understanding that otherwise might have developed more slowly.

One aspect of this Phase I survey was a conscious effort to educate as we progressed. In some instances we discovered that some organizational elements, which did not consider themselves affected by the new requirements because of non-involvement in operations,

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were unaware of those requirements that might affect them. We have made recommendations in some instances for further circulation of appropriate regulations among the employees.

Based on our findings in this survey and some of the developments that already have grown out of it, it is my opinion that the Agency essentially has passed through a major phase of its operation under the various new requirements that apply to it. There may still be some further adjustments to be made, most of which we think the attached reports identify, but I have developed a good sense of considerable confidence that we are essentially living in compliance with our requirements and with a good understanding on the part of management as to how things are to be done in the future. It goes without saying that any organization that is alive and creative, and involved in the difficult activities that are our assigned responsibility, may produce new problems from time to time in the future. This Office, of course, is designed to identify such instances and bring them to the attention of management, and management is sensitized to present the issues should they arise.

One interesting general area of managerial perception came to our attention during the survey. Inspectors were instructed to elicit the views of those they interviewed as to how they see the status of managerial practice in the Agency. There is considerable feeling in the Directorates for Operations and Science and Technology to the effect that over the years, even preceding the investigations, there has been a tendency to draw upwards the responsibility for decision and direction of implementation of programs. This feeling existed to a lesser degree in the Directorate for Intelligence and no views on this point were elicited from the Directorate for Administration. The significance of this perception, to the degree it is accurate, lies in the effect that such a situation would have on the style of Agency management and on its employees. To the extent that there is a reduction of decision making at lower levels, employees will have limited opportunity to participate in the formulation of programs. To the extent that such participation is not available, they will lack the experience that goes with it in developing their professionalism, as well as losing some of their sense of identification with the life of the Agency. We don't pretend at this point to know where the balance should lie between central control and the proper delegation of responsibility, but we find it significant that a number of employees feel that the present balance is improper. We believe it a proper subject for special attention, and will consider it for our inspection schedule in the future.

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Morale, too, was a subject to which the Phase I inspectors were alert. This is an illusive and subtle matter, not easily defined, much less analyzed, and deserves more attention than Phase I was able to give it. But Webster's reliance on such words as zeal, spirit, hope and confidence, in defining morale, gives us some idea of what we were looking for.

Morale assumes the importance it does today because of media and Congressional criticism, along with accompanying phenomena such as security erosion, etc. These attacks are presumed to have taken their toll on morale. Perhaps they have, but what our inspectors generally found was that morale was as much a factor of internal leadership as it was of external stimuli. This is fortunate since there is little we can do about our public environment in an open society, however effective and enlightened our public relations may be. The press will play this theme as long as it feels that it is selling papers and Congress will continue to react to the press. But what we can do is pay attention to leadership and see that it provides the inspiration and ethic which the Agency must have to prosper.

It is the responsibility of middle and senior leadership to make clear to their subordinates what the parameters of law and propriety are. Leadership must not allow inadequate understanding of oversight machinery and regulatory laws to cause these subjects to be exaggerated and thus dampen initiative and imagination. In fact, we have concluded we are not prevented from effectively performing our basic mission of collecting and producing intelligence, although Congressional notification procedures pose security problems which will inhibit covert action.


More important, in the long run, is the role of leadership in providing an ethic, a philosophy and inspiration. Here is where Webster's definition of morale, stressing zeal, spirit, hope and confidence, is best exemplified. This Agency has been an effective one; its genius has in fact been remarkable -- vastly more significant than its much publicized excesses. No other intelligence service can boast of the technological wizardry, human agent coverage and analytic powers shown by CIA. But as the world changes, we must too; targets change, responsibilities change, methodology changes, and our limitations change. It is the job of leadership to see that the Agency adapts constructively, encourages initiative within the context of an acceptable ethic, and that it does not cringe in an over-defensive, hyper-cautious posture.

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The reports on the separate directorates, each of which will be forwarded to the responsible Deputy Director, are attached as follows: Tab A, the Directorate of Operations; Tab B, the Directorate of Intelligence; Tab C, the Directorate of Science and Technology; and, Tab D, the Directorate of Administration.

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John H. Waller

Attachments:
Tabs A, B, C and D

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